

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 038120

12

ORIGIN EB-04

INFO OCT-01 ISO-00 /005 R

66621

DRAFTED BY: EB/IFD/OMA:JKRIZAY

APPROVED BY: EB/IFD/OMA:JKRIZAY

----- 048912

R 261940Z FEB 74

FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

LIMITED OFFICIAL USE STATE 038120

FOLLOWING REPEAT BUDAPEST 301 ACTION SECSTATE, USDOC, TREASURY,
BUCHAREST, MOSCOW, PRAGUE, SOFIA, VIENNA, WARSAW, FEB. 08,

QUOTE

LIMITED OFFICIAL USE BUDAPEST 0301

E.O. 11652: N/A

TAGS: EFIN, ETRD, HU

SUBJECT: HUNGARIANS UNLOAD NON-CONVERTIBLE CURRENCY

USDOC FOR BEWT; VIENNA FOR EWTC

1. US BUSINESSMAN INTERVIEWED ON FEB 5 WHO RECEIVED
CONCRETE PROPOSAL FROM HUNGARIAN FOREIGN TRADE COMPANY
(FTO) TO PAY FOR US PRODUCTS IN NON-CONVERTIBLE
CURRENCIES OF THIRD COUNTRY. AFTER TALKING WITH HIS
LONDON-BASED BANKERS HE WAS ABOUT TO CLOSE SALE
DENOMINATED IN CURRENCY OF PEOPLES REPUBLIC OF CHINA.
OTHER NON-CONVERTIBLE CURRENCIES HAD ALSO BEEN MENTIONED
BY FTO.

2. WHEREAS EMBASSY HAS SPECULATED THAT NATIONAL BANK MIGHT
BE TEMPTED TO UNLOAD NON-CONVERTIBLE CURRENCIES ON WESTERN
MARKETS, WE PREVIOUSLY HAD NO REASON TO BELIEVE THAT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 038120

INDIVIDUAL HUNGARIAN FOREIGN TRADE COMPANIESMIGHT BE

PERMITTED TO PAY FOR WESTERN IMPORTS WITH FORINTS OR OTHER
NON-CONVERTIBLE CURRENCY.

3. ON FOLLOWING DAY TWO RANKING OFFICIALS (EI. SZIKLAI,
MIN FOR TRADE DIRECTOR FOR DEVELOPED OVERSEAS NON-SOCIALIST
COUNTRIES; AND FRIGYES HORCHLER OF INT ECON REL SECRETARIAT
OF COUNCIL OF MINISTERS) CONFIRMED TO COMATT THAT SUCH
PRACTICES ARE LEGAL AND THAT, PROVIDING CONTRACTS SPECIFY
NON-CONVERTIBLE CURRENCY PAYMENT, AMERICAN COMPANIES MAY
FREELY ENTER INTO SUCH ARRANGEMENTS. SZIKLAI CLAIMED THAT
HE WAS UNAWARE OF SPECIFIC EXAMPLES AND PRESUMED THEY WERE
UNUSUAL. BOTH OFFICIALS, HOWEVER, SEEMED TO BE REASSURING
COMATT THAT BUSINESSMEN SHOULD FIND SUCH PRACTICES ACCEPTABLE.

4. THIS DEVELOPMENT IS INTERESTING IN THAT IT INDICATES
CONTINUING FLEXIBILITY ON PART OF HUNGARIAN FOREIGN EXCHANGE
AUTHORITY (NATIONAL BANK). NATIONAL BANK WAS FIRST AMONG
COMECON COUNTRIES TO TAP WESTERN CAPITAL MARKETS FOR
HARD CURRENCY, AND NOW MAY BE AMONG FIRST TO MORE OR LESS
OPENLY UNLOAD SOME SURPLUS NON-CONVERTIBLE CURRENCIES
ON WESTERN MARKETS. IT IS INTERESTING ALSO IN THAT
INDIVIDUAL TRADING ENTERPRISES MAY BE ALLOWED TO ACT ON
THEIR OWN IN DISPOSING OF THESE CURRENCIES IN COMMERCIAL,
RATHER THAN FINANCIAL, TRANSACTIONS.

5. IN THIS CONNECTION WE NOTE HUNGARY PRESENTLY HAS
UNWANTED ACTIVE BALANCE OF TRADE IN RUBLE AREA AND THAT
UNDER NEW FOREIGN EXCHANGE LAW, LAW DECREE NO. 1 OF 1974,
WIDE POWERS OF NATIONAL BANK TO MAKE SPECIAL PROVISIONS
FOR TRADE ACTIVITY ARE NOT ONLY PRESERVED BUT CLARIFIED.
LAW DECREE NO. 1 BEING TRANSMITTED SEPARATELY BY AIRGRAM.
PEDERSON

UNQUOTE CASEY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, BUSINESSMEN, FOREIGN TRADE, CURRENCIES, CONVERTIBLE FOREIGN EXCHANGE, FOREIGN EXCHANGE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE038120
Document Source: CORE
Document Unique ID: 00
Drafter: EB/IFD/OMA:JKRIZAY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974028/aaaaahgi.tel
Line Count: 95
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAR 2002 by worrelsw>; APPROVED <01 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HUNGARIANS UNLOAD NON-CONVERTIBLE CURRENCY USDOC FOR BEWT; VIENNA FOR EWTC
TAGS: EFIN, ETRD, HU, US
To: HONG KONG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005